

Nursing home market leaves little to build

by Sean Ryan

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The 1970s-era, brown-speckled floor tiles at the Park Manor nursing home do not need close inspection to see they are worn and need to be replaced, said Deb Kaltkeiwicz.

The nursing home's budget does not need close inspection to see Park Manor Ltd. cannot afford to replace the tiles, said Kaltkeiwicz, administrator of personnel and regulation at the Park Falls-based operation.

The nursing home also cannot afford to replace the 35-year-old elevator or the aging electrical system that prevents residents from using extension cords and forces creativity in finding good spots for televisions, radios and computers.

"The solution is what we always have done," Kaltkeiwicz said, "and that is to try to get our society to pay for the care that they think they should have for Medicare and Medicaid residents."

Park Manor is in the same cash-strapped situation as many nursing homes in the state. The cost of resident care exceeds the state and federal payments coming in.

Many nursing homes not only cannot reserve money for capital projects, but they are dipping into reserves to pay for operations, said Tom Moore, executive director of the Wisconsin Health Care Association.

"A significant number of our 396 nursing homes in the state are probably 40 years old and in need of remodeling and replacement," he said, "and it has been difficult to find the funds to do that."

Most nursing homes in the state rely on Medicaid to pay for roughly 65 percent of their residents, and Medicare pays for another 14 percent, Moore said. But reductions in Medicaid payments kicked in this month, and nursing homes are opting to dedicate money to medical services while deferring major capital projects, he said.

The Medicaid grant program was never designed to help nursing homes reserve money for capital projects, and the recent rate reduction will leave even less money available for such construction, said Tim Olson, secretary/treasurer of Royal Construction Inc., an Eau Claire-based firm that primarily builds health-care projects. It will take time to see how much the reduction hurts the nursing home building market, said Olson, who was vice president of finances for Heidi Health System for 11 years before joining Royal Construction in 1999.

And the strained budgets in nursing homes are further stretched by a reluctance of lending institutions to strike deals with companies that now are bringing in less revenue from federal grant programs, he said.

"Banks have money to lend," Olson said. "Where do you want to lend it to — somebody who has a questionable cash flow?"

Royal Construction will put its crews to work soon on a project to build a new home for the Spring Valley Health Care Center in Spring Valley. The project got off the ground thanks to a state grant program, Olson said.

Until more money comes through for Park Manor, Kaltkeiwicz said, she'll continue making services — as opposed to new tiles, a new elevator or fresh electrical wiring — the priority for the nursing home's 105 residents.

"Sometimes you just have to make do," she said. "And sometimes you just keep buffing and waxing the floors."

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